

ESTABLISHMENT FUNDING, 2007/8

PURPOSE OF REPORT

To advise the Board on the allocation of funds by the ASA to support the Region's establishment costs, and already known costs in excess of that funding, and to submit the advice of the Finance Sub-Group as to how best to proceed.

PROPOSED ACTION

The Board is advised:

- 1 To **NOTE** the report
- 2 To **AGREE** a regime for monitoring expenditure against the funds allocated by the ASA
- 3 To **DECIDE**, if felt appropriate at this stage, how expenditure in excess of the ASA allocation is to be funded.

SUPPORTING INFORMATION

- 1 Members will recall that, at the meeting in December 2006, the Board received a report on ASA funding for the regions, from 2007/8 and onwards. The report indicated that the ASA intended, broadly, to fund the regions on the same cash basis for at least 2007/8 and 2008/9. The funding was designed to cover establishment costs, viz salaries and wages, together with resultant office costs.
- 2 The division of the available pool of funds – c£1.6m – has been delegated to the Director of English Programmes. Delegates of regions, at a meeting in November last year, endorsed this arrangement, and the parameters for the investment by the ASA in the regions.
- 3 The Board revisited this subject when it met in February 2007, to settle the Region's budget for 2007/8. An extract of the report of the Finance Sub-Group, then before the Board, is attached as the Appendix hereto.
- 4 The Director of English Programmes has allocated a sum of £159,440 to meet the establishment cost of the Region in 2007/8. This is a cash limited sum. Although there is a detailed breakdown of the proposed expenditure, it is made up as follows:

Salaries (including employers' oncosts)	£128,629
Staff vehicles	£12,251

Staff travel and subsistence	£6,050
Office rental	£6,000
Mobile phones	£2,500
Stationery	£1,000
Telephones	£1,000
IT purchases	£1,000
Postage	£500
Miscellaneous expenses	£500

- 5 As is pointed out above, any expenditure on these items above the sum set by the Director of English Programmes will be recovered from the Region by the ASA, at year end. However, no specific provision was made in the budget for 2007/8 to meet such costs.
- 6 Following a pay award agreed by the ASA, individual salaries have risen by 3%, in line with the increase in the cost of living. This will increase the pay bill by £3,255 in 2007/8, and, when employers' oncosts are included, the cost will be £3,865 for a full year.
- 7 In addition, the rent of the Region's office accommodation at Bisham Abbey has increased from £4,000 to £4,488: Sport England had proposed to increase the rent by 20%, but the Regional Director successfully negotiated a reduced increase. Alex Message, Regional Development Officer, is moving host from the University of Brighton to Horsham District Council, a more convenient location for her. The rent of her new office space is expected to be £2,000, the same as at Brighton. Thus the Region's rental costs will exceed the allocation from the ASA by £488
- 8 The Regional Director intends carefully to monitor expenditure on the other budget heads mentioned above, and proposes to take management action to correct any projected overspending. The Board will recognise, however, that such action may lead to restrictions in the availability of staff to support meetings or events across the Region. It is suggested that the Board review expenditure against these heads quarterly, in connection with the general budget monitoring exercise.
- 9 The Board needs to be aware of this possible unbudgeted expenditure, and make provision for it. On the basis of the presently known costs, and given that the approved budget makes no provision for contingencies, the most likely source of finance is the provision for Development.
- 10 On the other hand, the Board could take a pragmatic view that overall spending in 2007/8 will be not unlike that of 2006/7. Initial cash book results suggest that income exceeded expenditure by £30,000, although Members will recognise that this was predicted by the Finance Sub-Group at the time of budget setting for 2007/8, and was a significant factor leading to the recommended budget.

Advice from Finance Sub-Group

- 11 The Board needs to assess the risks in this matter and decide how to treat the potential unbudgeted expenditure identified above, at this time. The Finance

Sub-Group feels that the risk of this expenditure exceeding £5000 is low and that, by quarterly monitoring, such risk will be competently managed. The Finance Sub-Group therefore asks the Board to agree to monitor expenditure on these budget heads, but to take no decisions about funding a potential over spend until later in the financial year.

RFP
03.05.07

EXTRACT FROM REPORT OF FINANCE SUB-GROUP TO BOARD, 15 FEBRUARY 2007

Staff Costs

- 21 Members will know that the salaries, employers' on-costs and expenses for Regional Directors, Regional Development Officers and regional administrative staff are paid directly by the ASA. The Board was advised, at its meeting in November 2006, that it was anticipated that the ASA would continue to meet this expenditure for 2007/8, although the funding might be cash limited.
- 22 This will be discussed by the ASA Board at its meeting on 9 February 2007, with a recommendation that establishment costs for the above mentioned posts, and agreed administrative and office infrastructure, continue to be met by the ASA. It is also recommended that the support be set at the 2006/7 funding levels for 2007/8. No growth will be built into funding, so regions will be liable for any inflationary costs.
- 23 The cost of the Regional Education Officer is met by the Institute of Swimming.
- 24 The Sub-Group considered whether to include provision in the draft budget to meet any staff-funding shortfall. It decided against recommending a specific provision, although the Board needs to recognise that, if the cash limiting is enforced, the Region will have to pay for the implementation of any pay awards which occur in 2007/8, or, indeed, changes in employers' National Insurance contributions. Any such costs would, therefore, fall to be met from reserves.
- 25 The Sub-Group considers that it will be essential to include provision for such inflationary costs in the budget for 2008/9, because the proposal to the ASA Board is that the 2006/7 cash limited figure will continue into that year, and 2009/10.